



Department of Economic and
Community Development

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Catherine H. Smith
Commissioner

TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE

3/11/14

Re: S.B. No. 302 AN ACT CONCERNING AN ENTREPRENEUR IN RESIDENCE PROGRAM

S.B. No. 419 AN ACT CONCERNING HOSPITAL AND WELLNESS ENTERPRISE ZONES

S.B. No. 422 AN ACT CONCERNING KNOWLEDGE CENTER ENTERPRISE ZONES

H.B. No. 5404 AN ACT CONCERNING FINANCIAL ASSISTANCE FOR BUSINESSES
AFFECTED BY PROLONGED STATE INFRASTRUCTURE PROJECTS

H.B. No. 5405 AN ACT CONCERNING LEGISLATIVE APPROVAL OF FIRST FIVE PLUS
PROGRAM INVESTMENTS

H.B. No. 5516 AN ACT PROVIDING FOOD ENTREPRENEURS WITH ACCESS TO
COMMERCIAL KITCHENS

H.B. No. 5518 AN ACT CONCERNING THE LIABILITIES OF APPLICANTS FOR STATE
FINANCIAL ASSISTANCE

Senator LeBeau, Representative Perone, Senator Frantz, Representative Lavielle and members of the Commerce Committee. Thanks for the opportunity to present testimony on the bills before you here today.

While these initiatives are certainly well-intended, we at DECD believe that we can meet the objectives of these proposals through our current programs and practices. With the support of this committee we have made great progress in recent years in improving the effectiveness our programs; our concern is that these initiatives would add undue complexity to our operations, making it more challenging for us to serve our constituents in the best and most efficient manner. These general comments aside, we offer the following specific thoughts about the bills on today's agenda.

SB 302 would require DECD to establish an entrepreneur in residence program that would position entrepreneurs in state agencies to make agency services and practices more efficient and more responsive. While we applaud the idea presented in the bill – that a more flexible and customer-driven business model would serve the state well – we are concerned that, at present, we do not have the funding and requisite personnel to establish and administer such a program. Our team is already stretched managing the programs we currently are responsible for, so adding more would clearly mean something else would likely suffer. Additionally, we would point out that across state agencies, there are several steps that have already been undertaken to improve and streamline our state agency working processes. As you know, we have already carried out various efforts to LEAN our programs and operations to make them more efficient and



responsive. In addition, under EO 38, all agencies have identified and submitted to the Governor, regulations that should be altered or eliminated. With time, these and other culture-changing initiatives have and will continue to make our state more business-friendly.

SB 419 would create new hospital and wellness enterprise zones, while SB 422 would establish new knowledge center enterprise zones. The addition of these two new provisions to our existing enterprise zone program runs the risk of diluting the overall impact of these offerings. More important, we are confident that we currently have programs to serve effectively businesses in or locating to the areas addressed in these two bills.

HB 5404 calls for DECD to establish and administer a program to provide financial assistance to businesses affected by prolonged state infrastructure projects. DECD prides itself on having consistently stepped in to assist businesses during times of severe dislocation, e.g., following floods, fires, or other disasters. Our Small Business Express program has aided many businesses in need of support due to outside impacts over the past couple of years. As a result, we again are confident that we have the requisite programs to help entities facing disruption due to such projects.

HB 5405 would subject the First Five Plus financial assistance packages to legislative approval. According to both statute and internal policy, DECD already conducts full and effective analyses of the projects it funds. During a hearing earlier this year, we laid out for you the multitude of steps we take to ensure the integrity and financial capacity of our applicants. We also are concerned that this proposal would cause delays that could adversely impact the outcomes of time-sensitive negotiations. Beyond this, because private enterprises have substantial and legitimate concerns about control over proprietary information, we fear that this initiative would discourage companies from considering Connecticut. In order to continue to make progress in positioning Connecticut as a state that strives for a business friendly environment, we need to be an agile competitor for such companies – one that uses a process as streamlined and competitive as the states we vie against.

HB 5516 would oblige DECD to establish a competitive grant program to encourage the creation of a kitchen incubator for food entrepreneurs. In short, we are concerned that this proposal constitutes an unfunded mandate and that we do not have the resources to fund and administer such a program.



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Finally, HB 5518 would require DECD to consider whether an applicant for financial assistance owes delinquent taxes to the state or a municipality or is subject to a lawsuit in civil court for a debt. We believe this initiative to be unnecessary, as we already have a thorough underwriting process that considers these factors and many more. That process is constantly being reviewed and improved to ensure that we remain outstanding stewards of taxpayer dollars.

Thanks for allowing me to share some thoughts on these pieces of legislation. I appreciate, in advance, your due consideration.